

DEPARTMENT OF THE ARMY
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CIVILIAN PERSONNEL
BULLETIN No. 16-03

31 July 2003

TSP Catch-Up Contributions

This bulletin is provided to share the latest information regarding the TSP catch-up contributions for TSP participants age 50 or older.

What are TSP Catch-up Contributions?

PL 107-304 was signed in November 2002 and provides for eligible TSP participants to make additional tax-deferred contributions to their TSP accounts. This legislation was originally intended to provide women that returned to work after raising children the opportunity to contribute additional money to their TSP accounts to make up for the contributions that were not made while they were not working. This was then extended to all employees that are at least 50 years old.

The money contributed under the provisions of this law is not counted against the statutory contribution percentage limitation (currently 13% for FERS and 8% for CSRS) or the Internal Revenue Code's elective deferral limit (currently \$12,000). For the year 2003, this limit is \$2000. This amount will increase to \$3000 for 2004.

Eligibility for Catch-up Contributions

To be eligible to contribute the additional money to your TSP account, you must meet the following criteria:

- You must be in a pay status. This means that you cannot be in a leave without pay status or separated to make these contributions.
- You must be contributing the maximum percentage (13% for FERS or 8% for CSRS) of your earnings or a dollar amount that results in you reaching the \$12,000 deferral limit by the end of this year by contributing solely to the TSP or to the TSP and other eligible deferral programs.
- You must be at least 50 years of age or turn 50 years old in the year of the catch-up contributions. To contribute in 2003, you must be at least 50 by the end of December.
- You must not be in a non-contribution period based on receiving a TSP Hardship Withdrawal.

How to Enroll for TSP Catch-up

Beginning 24 August 2003, eligible Department of the Army civilian employees may make TSP catch-up contribution elections electronically via the Employee Benefits Information System (EBIS) web application at <https://www.abc.army.mil> or the Interactive Voice Response System (IVRS) automated telephone system at **1-877-276-9287**. Remember that your election will be effective the beginning of the pay period after you process the action. Also, keep in mind that for tax purposes the pay period 30 Nov – 13 Dec is the final pay period of the year since you receive the pay for that pay period on/about 25 Dec. The first pay period of the new tax year will be 14 – 27 Dec which will be paid to you on/about 8 Jan 04.

Hardcopy election forms, TSP-1-C cannot be accepted for this election. IRS rules do not allow contributions to TSP catch up to be made through any other source than a direct withholding from pay as the money is taken from your salary before taxes. This means you may not submit direct payments.

Elections can be processed anytime throughout the calendar year. You can also make more than one election to change the amount of your contributions (this is different from the regular TSP Open Season where only one election is permitted per open season). As long as the annual limit for your contributions is not exceeded, new amounts will be withheld from your salary in the amount you have directed through the automated systems.

Termination of Contributions

You can terminate your contributions without penalty. The effective date of termination will be the last day of the pay period in which you make this election through the ABC-C website or telephone system. There is no waiting period to make a new election.

If you terminate your regular TSP contributions, you must also terminate your catch-up contributions. Additionally, if your regular TSP contributions are stopped due to your receipt of a TSP hardship withdrawal, your catch-up election will also be stopped.

Additional Information

Catch-up contributions will continue to be deducted from your salary until the end of the calendar year unless one of the following occurs earlier:

- You have reached the annual catch-up limit
- You elect to stop contributions

The annual limit changes yearly. **It is required that you enroll in the TSP catch-up contributions on an annual basis.** The current limits are:

Year	Max Contribution
2003	\$2,000
2004	\$3,000
2005	\$4,000
2006 and later	\$5,000

If you are currently contributing to both civilian and uniformed services TSP accounts, you can also make catch-up contributions to both accounts providing you do not exceed the annual limits on contributions. For more information please visit the ABC-C website or the TSP website (www.tsp.gov).

Technical Assistance

Don't forget that technical assistance is available from the SWCPOC HelpDesk between 7:00 a.m. and 4:00 p.m. CST by calling 785-239-2000 or DSN 856-2000. Please remember the HelpDesk staff can help you gain access to the ABC-C. They are not counselors.

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DONALD R. MALLET

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